

EXHIBIT A

DESCRIPTION OF SYSTEM

EXHIBIT B

MASTER NOTE, SERIES 2005



**APPENDIX C**

**FORM OF PRIVATE PLACEMENT MEMORANDUM**



Draft  
March 31, 2005

**PRIVATE PLACEMENT MEMORANDUM DATED APRIL \_\_, 2005**

**New Issue**

**Unrated**

THESE BONDS INVOLVE A HIGH DEGREE OF RISK. SEE "BONDHOLDERS' RISK FACTORS AND INVESTMENT CONSIDERATIONS" HEREIN.

In the opinion of Livermore, Freeman & McWilliams, P.A., Bond Counsel, under existing law interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Code, except for interest on any Bond for any period during which it is held by a "substantial user" or a "related person" as those terms are used in Section 147(a) of the Code, and interest on the Bonds is an item of tax preference under Section 57 of the Code and therefore maybe subject to the alternative minimum tax imposed on individuals and certain corporations under the Code. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds. The Bonds and the interest thereon are exempt from all taxation under the laws of the State of Florida except estate taxes and taxes measured by income which are imposed by Chapter 220, Florida Statutes, on "corporations", "banks" and "savings associations" as such terms are defined in Chapter 220. See "TAX EXEMPTION" herein.

**\$2,965,000\***

**MONROE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**Industrial Development Revenue Bonds**

**(North Key Largo Utility Corp. System) Series 2005**

**Dated: Date of Delivery**

**Due: March 1, 2025**

The Monroe County Industrial Development Authority, Industrial Development Revenue Bonds (North Key Largo Utility Corp. System) Series 2005 (the "Bonds") are issued in exchange for a like principal amount of Monroe County Industrial Development Authority Industrial Development Revenue Bonds (North Key Largo Utility Corp. System), Series 1995 (the "1995 Bonds"), and are initially issued only as fully registered bonds, without coupons, in denominations of \$100,000 and integral multiples thereof.

Interest on the Bonds is payable on September 1, 2005, and semiannually thereafter on each March 1 and September 1, by check or draft of Wachovia Bank, National Association, Miami, Florida ("Wachovia"), as paying agent, or any successor paying agent (the "Paying Agent") mailed to each registered owner thereof at his address as it appears on the fifteenth day of the month (whether or not a business day) on the bond register ("Bond Register") maintained by Wachovia Bank, National Association, Miami, Florida, as bond registrar, or any successor bond registrar ("Bond Registrar"). Principal of and premium, if any, on the Bonds is payable upon presentation thereof at the principal office of the Paying Agent. Upon request of a registered owner and consent of the Paying Agent, payments of interest on such Bonds may be made by wire transfer in immediately available funds or by other means.

The Bonds will be offered to the all owners of the 1995 Bonds and exchanged for 1995 Bonds held by said owners pursuant to an Offer to Exchange dated April \_\_, 2005.

**THE BONDS ARE NOT DEEMED TO BE SUITABLE INVESTMENTS TO ANYONE OTHER THAN AN ACCREDITED INVESTOR. TRANSFER OF THE BONDS IN DENOMINATIONS OF LESS THAN \$100,000 IS RESTRICTED TO ACCREDITED**



## **INVESTORS.**

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS. PROSPECTIVE BONDHOLDERS ARE ADVISED TO READ THE SECTIONS "SECURITY FOR THE BONDS" AND "BONDHOLDERS' RISK FACTORS AND INVESTMENT CONSIDERATIONS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE BONDS.

The Bonds are being issued by the Monroe County Industrial Development Authority (the "Issuer"), under a Bond Trust Indenture dated as of April 1, 2005 (the "Bond Indenture") between the Issuer and Wachovia Bank, National Association, Miami, Florida, as trustee (the "Trustee"), and the proceeds thereof will be loaned by the Issuer to North Key Largo Utility Corp., a Florida not-for-profit corporation (the "Company") under a Loan Agreement dated as of April 1, 2005 (the "Loan Agreement") by and between the Issuer and the Company. The Bonds will be used solely for the exchange of a like principal amount of 1995 Bonds. The Company will pay for all costs related to the issuance of the Bonds from legally available monies that are not derived from the proceeds of this or any other tax-exempt borrowing. The obligation of the Company to make the payments pursuant to the Loan Agreement is secured by a Master Note, Series 2005, to be issued by the Company pursuant to a Master Trust Indenture, dated as of April 1, 2005 (the "Master Indenture"), between the Company and Wachovia Bank, National Association, Miami, Florida, as Master Trustee.

The Loan Agreement requires repayments from the Company to be calculated so as to fully fund payment of the principal of, premium, if any, and interest on the Bonds, when due, and certain other amounts due under the Loan Agreement. The Bonds are also secured by the Mortgage and Security Agreement dated as of April 1, 2005, from the Company to the Master Trustee (the "Mortgage") pursuant to which the Company will, subject to Permitted Encumbrances (herein defined), grant a mortgage on and security interest in the Mortgaged Property (herein defined). The revenues and income derived by or for the account of the Company pursuant to the Loan Agreement, the Mortgage and the Bond Indenture are collectively referred to herein as the "Revenues." The Bonds are subject to optional redemption, extraordinary optional redemption, and mandatory sinking fund redemption, as specified herein.

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### **MATURITY SCHEDULE**

\$2,965,000\* 6.00% Term Bonds, due March 1, 2025, Price 100%

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**THE BONDS AND ALL OTHER OBLIGATIONS OF THE ISSUER UNDER THE LOAN AGREEMENT AND THE BOND INDENTURE AND THE TRANSACTIONS CONTEMPLATED THEREBY SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, MONROE COUNTY, FLORIDA, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION. ANYTHING IN THE BOND INDENTURE OR IN THE BONDS TO THE CONTRARY NOTWITHSTANDING, (A) NEITHER THE ISSUER NOR MONROE COUNTY, FLORIDA, SHALL NEVER BE REQUIRED TO (1) LEVY ANY AD VALOREM TAXES ON ANY PROPERTY TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR TO MAKE ANY OTHER PAYMENTS PROVIDED FOR UNDER THE LOAN AGREEMENT OR THE BOND INDENTURE, (2) PAY THE SAME FROM ANY FUNDS OF THE ISSUER OTHER THAN THE REVENUES OF THE COMPANY, OR (3)**



**REQUIRE OR ENFORCE ANY PAYMENT OR PERFORMANCE BY THE COMPANY AS PROVIDED IN THE BOND INDENTURE, THE LOAN AGREEMENT OR THE MORTGAGE UNLESS THE ISSUER'S EXPENSES IN RESPECT THEREOF SHALL BE AVAILABLE FROM ANY MONEYS DERIVED UNDER THE LOAN AGREEMENT OR THE MORTGAGE OR SHALL BE ADVANCED TO THE ISSUER FOR SUCH PURPOSE AND THE ISSUER SHALL RECEIVE INDEMNITY TO ITS SATISFACTION, AND (B) THE BONDS SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OWNED BY THE ISSUER OR MONROE COUNTY, FLORIDA, EXCEPT TO THE EXTENT, IF ANY, OF THE ISSUER'S RIGHTS IN THE COMPANY'S PROPERTY, THE LOAN AGREEMENT, THE MORTGAGE AND THE PROPERTY RIGHTS, RECEIPTS, REVENUES AND PROCEEDS PLEDGED UNDER THE MASTER INDENTURE.**

The Bonds are offered for delivery when, as and if issued subject to the approval of legality by Livermore, Freeman & McWilliams, P.A., Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, J. Richard Collins, Esq., County Attorney, Key West, Florida, and for the Company by its counsel, Rose, Sundstrom & Bentley, Tallahassee, Florida. First Southwest Company, Orlando, Florida, is serving as Financial Advisor to the Company. It is expected that the Bonds will be delivered in exchange for 1995 Bonds on or about May \_\_, 2005.

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\*Estimated, subject to change depending upon the principal amount of 1995 Bonds submitted in response to the Offer to Exchange, described herein.